

Milk Pricing

NEWSLETTER



Dairy Marketing Branch, CDFA

October 2004

National Commodity Price for Butter Drops Significantly . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (See *national commodities prices chart on page 2*).

The national commodity prices for nonfat dry milk and Grade A butter rose slightly while the Cheddar cheese price decreased slightly. The prices for whole, reduced fat, lowfat, and skim milk all decreased slightly: whole milk decreased three cents per gallon; reduced fat milk decreased four and two tenths cents per gallon; lowfat milk decreased five and one tenth cents per gallon; and skim milk decreased four and seven tenths cents per gallon.

In California and nationally, the weather was unseasonably mild during the summer which translated into milk production being higher than last year. School is back in session now which will increase the demand for fluid milk products. Dairy product sales have been mixed but the upcoming holiday season should bring enhanced butter and cheese sales. During the summer, cheese production remained strong and ice cream sales continued to favor the lowfat and nonfat varieties.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

*See lowest reported lawful retail milk prices on page 2.

Minimum Prices for the Four Types of Fluid Milk by Container Size for November 2004

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.347	\$0.673	\$0.337	\$0.168	\$0.112	\$0.084
Reduced Fat (2%)	\$1.188	\$0.594	\$0.297	\$0.148	\$0.099	\$0.074
Lowfat (1%)	\$1.091	\$0.545	\$0.273	\$0.136	\$0.091	\$0.068
Nonfat (Skim)	\$0.799	\$0.400	\$0.200	\$0.100	\$0.067	\$0.050

Southern California

Whole Milk	\$1.370	\$0.685	\$0.343	\$0.171	\$0.114	\$0.086
Reduced Fat (2%)	\$1.212	\$0.606	\$0.303	\$0.151	\$0.101	\$0.076
Lowfat (1%)	\$1.114	\$0.557	\$0.279	\$0.139	\$0.093	\$0.070
Nonfat (Skim)	\$0.824	\$0.412	\$0.206	\$0.103	\$0.069	\$0.051

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.030↓	\$0.015↓	\$0.007↓	\$0.004↓	\$0.002↓	\$0.002↓
Reduced Fat (2%)	\$0.042↓	\$0.021↓	\$0.011↓	\$0.005↓	\$0.004↓	\$0.003↓
Lowfat (1%)	\$0.051↓	\$0.025↓	\$0.013↓	\$0.006↓	\$0.004↓	\$0.003↓
Nonfat (Skim)	\$0.047↓	\$0.024↓	\$0.012↓	\$0.006↓	\$0.004↓	\$0.003↓

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
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Minimum Prices for the Milk Component of Various Manufactured Dairy Products

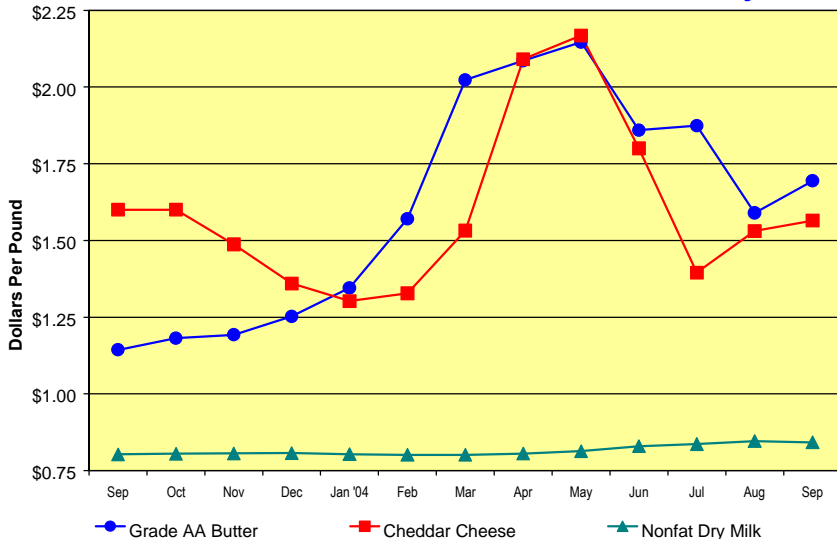
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
Dec	\$0.18	\$1.16	\$0.45
Jan '04	\$0.18	\$1.16	\$0.45
Feb	\$0.19	\$1.27	\$0.49
Mar	\$0.19	\$1.27	\$0.49
Apr	\$0.20	\$1.70	\$0.64
May	\$0.20	\$1.70	\$0.64
June	\$0.21	\$1.90	\$0.71
July	\$0.21	\$1.90	\$0.71
August	\$0.21	\$1.68	\$0.63
September	\$0.21	\$1.68	\$0.63
October	\$0.20	\$1.53	\$0.58

National Commodity Prices September 2003 - September 2004

Grade AA Butter, Block Cheddar Cheese, Nonfat Dry Milk



Lowest Reported Lawful Retail Prices for Milk October 2004

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.79	\$2.40
2% Reduced Fat	\$4.49	\$2.25
1% Lowfat	\$4.49	\$2.25
Nonfat/Skim	\$3.59	\$1.80
<u>Southern California</u>		
Whole Milk	\$4.75	\$2.38
2% Reduced Fat	\$4.39	\$2.20
1% Lowfat	\$4.39	\$2.20
Nonfat/Skim	\$3.49	\$1.75

This newsletter can also be found on our website at:
www.cdffa.ca.gov/dairy/milkpricing_nl.html

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at dairy@cdffa.ca.gov, or by contacting TDD 1-800-735-0193.

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